

## Message Text

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67

ORIGIN EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 TAR-01

TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FTC-01 /104 R

DRAFTED BY EB/OT/GCP:MGOLDMAN

APPROVED BY EB/OT/GCP:DDUNFORD

ARA/ECP:SFOUTS

STR:BSTEINBOCK

L:CPITMAN

STR:TGRAHAM

ARA/EP:FCORRY

----- 112887

P R 112051Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS STATE 031030

E.O. 11652: N/A

TAGS: ETRD

SUBJECT:ANDEAN PACT: INQUIRY ABOUT GSP IN TRADE ACT

REF: LIMA 846

1. SECTION 502 (A) (3) OF THE ACT PROVIDES THAT "IN THE CASE OF AN ASSOCIATION OF COUNTRIES WHICH IS A FREE TRADE AREA OR CUSTOMS UNION, THE PRESIDENT MAY BY EXECUTIVE ORDER PROVIDE THAT ALL MEMBERS OF SUCH ASSOCIATION OTHER THAN MEMBERS WHICH ARE BARRED FROM DESIGNATION UNDER SUBSECTION (B) SHALL BE TREATED AS UNCLASSIFIED

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ONE COUNTRY FOR PURPOSES OF THIS TITLE." OUR VIEW IS

THAT PRESIDENT COULD NOT DESIGNATE ONLY SOME ELIGIBLE MEMBERS OF AN ASSOCIATION TO BE TREATED AS ONE COUNTRY. DESIGNATION OF FREE TRADE AREAS OR CUSTOMS UNIONS TO BE TREATED AS ONE COUNTRY WOULD ONLY BE MADE UPON APPLICATION WHICH HAS THE CONCURRENCE OF ALL ELIGIBLE MEMBERS.

2. SECTION 503 (B) (2) (B), RELATING TO VALUE-ADDED CRITERIA, STATES IN PART "IF THE COST OR VALUE OF THE MATERIALS PRODUCED IN 2 OR MORE COUNTRIES WHICH ARE MEMBERS OF THE SAME ASSOCIATION OF COUNTRIES...". THUS, FOR PURPOSES OF MEETING VALUE-ADDED REQUIREMENT, A BENEFICIARY COULD COUNT ONLY THE INPUT OF OTHER MEMBERS OF THE SAME ASSOCIATION.

3. WITH REGARD TO SECOND QUESTION, OUR PRELIMINARY VIEW IS THAT WHERE COUNTRIES BELONG TO TWO ASSOCIATIONS WHICH COULD EACH OPT FOR AGGREGATE TREATMENT, SUCH COUNTRIES WOULD HAVE TO DECIDE WHICH ASSOCIATION, IF ANY, TO UTILIZE FOR GSP PURPOSES. WHILE NO ATTEMPT HAS BEEN MADE TO ANALYZE LEGALITIES OF QUESTION, DEPARTMENT CAN SEE NO ECONOMIC BENEFIT FOR COUNTRIES WHO ARE MEMBERS OF TWO ASSOCIATIONS TO ENCOURAGE EACH ASSOCIATION TO OPT FOR TREATMENT AS ONE COUNTRY FOR TRA PURPOSES. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 11 FEB 1975  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
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**Drafter:** MGOLDMAN  
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**To:** LIMA  
**Type:** TE  
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